

Message Text

PAGE 01 TEHRAN 06942 171522Z

41

ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

COME-00 EB-07 LAB-04 SIL-01 AID-05 OPIC-06 AGR-10

/099 W

----- 094580

P 171318Z JUL 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 2580

UNCLAS TEHRAN 6942

E.O. 11652: N/A

TAGS: ECON, ELAB, IR

SUBJ: PARTIAL WORKER OWNERSHIP OF IRANIAN INDUSTRIES

REF: (A) THIRAN 6022; (B) TEHRAN 5049; (C) TEHRAN 4842;

(D) TEHRAN A-90

1. SUMMARY. IMPLEMENTATION SCHEME FOR BROADER OWNERSHIP OF IRANIAN INDUSTRIES HAS BEEN ANNOUNCED. LIST OF COMPANIES AFFECTED THIS YEAR, INCLUDING FOREIGN JOINT VENTURES, WAS RELEASED. SHARE PRICES WILL BE BASED ON AVERAGE PROFITS OVER THE PAST THREE YEARS. A FINANCIAL ORGANIZATION IS BEING SET UP TO PROVIDE LOANS TO WORKERS AND FARMERS FOR SHARE PURCHASES. END SUMMARY

2. MINISTER OF ECONOMIC AFFAIRS AND FINANCE HUSHANG ANSARY AT A JULY 17 PRESS CONFERENCE DISCUSSED IMPLEMENTATION PROCEDURES FOR THE GOI'S SCHEME TO BROADER OWNERSHIP OF INDUSTRIES BY SELLING SHARES TO WORKERS, FARMERS, AND THE GENERAL PUBLIC. THIS TELEGRAM IS BASED ON A QUICK TRANSLATION OF THE OFFICIAL PRESS RELEASE DISTRIBUTED AT THE PRESS CONFERENCE AND NOTES OF EMBASSY ECONOMIC ADVISOR, WHO WAS PRESENT. COMPLETE LIST OF INDUSTRIES AFFECTED, ADDITIONAL DETAIL, AND COMMENT WILL FOLLOW.
UNCLASSIFIED

PAGE 02 TEHRAN 06942 171522Z

3. A TOTAL OF 320 MANUFACTURING UNITS WILL BE COVERED BY THE PLAN. THESE INCLUDE ALL PRIVATE SECTOR INDUSTRIAL CONCERNS ESTABLISHED FOR AT LEAST FIVE YEARS WITH WORKING CAPITAL EXCEEDING THE RIAL EQUIVALENT OF DOL\$1.5 MILLION, OR FIXED INVESTMENT CAPITAL OF

MORE THAN DOL\$3 MILLION, OR TOTAL ANNUAL SALES OF MORE THAN DOL\$3.75 MILLION.

4. A LIST OF 106 COMPANIES IN WHICH THE SCHEME WILL BE IMPLEMENTED DURING THE CURRENT IRANIAN YEAR (ENDING MARCH 20, 1976) WAS DISTRIBUTED. DURING THE IMMEDIATELY FOLLOWING YEAR, 108 COMPANIES WILL COME UNDER THE SCHEME, AND THE PLAN WILL BE IMPLEMENTED FOR THE REMAINING 106 DURING THE IRANIAN YEAR 1977-78. ANSARY SAID THAT THE 106 COMPANIES AFFECTED THIS YEAR, 37 ALREADY HAVE BEGUN SELLING SHARES. THE COMPANIES INCLUDED ON THE LIST MUST BE IN TOUCH WITH THE MINISTRY OF INDUSTRIES AND MINES WITHIN TWO WEEKS TO DISCUSS IMPLEMENTATION. HE SAID THE SCHEME WILL BE IMPLEMENTED "GRADUALLY", BUT IT IS TO BE COMPLETED FOR ALL OF THE 320 COMPANIES CONCERNED DURING THE NEXT THREE YEARS IN ACCORDANCE WITH THE DEADLINE IN THE SHAH'S EDICT, OCTOBER 22, 1978.

5. ANSARY SPECIFICALLY STATED THAT THE SCHEME INCLUDES JOINT VENTURES WITH FOREIGN COMPANIES AS WELL AS EXCLUSIVELY IRANIAN-OWNED INDUSTRIES. A NUMBER OF JOINT VENTURES WITH AMERICAN EQUITY PARTICIPATION WERE LISTED.

6. THE PRICE OF SHARES WILL BE BASED ON AVERAGE PROFITS OVER THE PAST THREE YEARS BASED ON THEIR TAX DECLARATIONS.

7. TO FINANCE WORKERS' SHARE PURCHASES, ANSARY SAID A FINANCIAL ORGANIZATION WILL BE ESTABLISHED UNDER THE SUPERVISION OF THE MINISTRY OF ECONOMIC AFFAIRS AND FINANCE. THE ARTICLES OF ASSOCIATION OF THE ORGANIZATION HAVE BEEN PREPARED AND WILL BE PRESENTED TO THE COUNCIL OF MINISTERS. ITS INITIAL CAPITAL WILL BE RLS. 1 BILLION (DOL\$15 MILLION). INDIVIDUAL LOANS TO WORKERS WILL BE LIMITED TO RLS. 100,000 (DOL\$1,500), AND WILL BE REPAYED OVER A 10-YEAR PERIOD AT 4 PERCENT INTEREST. INDIVIDUAL LOANS TO FARMERS FOR SHARE PURCHASE WILL NOT EXCEED RLS. 50,000, WITH THE SAME TERMS AND CONDITIONS FOR REPAYMENT. HE SAID WORKERS AND FARMERS SHOULD BE ABLE EASILY TO REPAY FROM THEIR UNCLASSIFIED

PAGE 03 TEHRAN 06942 171522Z

SHARE DIVIDENDS THE ANNUAL PRINCIPAL AND INTEREST DUE. NO INDIVIDUAL WOULD BE PERMITTED TO PURCHASE SHARES VALUED AT MORE THAN RLS. 500,000 (DOL\$7,500). SHARES WILL BE OFFERED TO THE GENERAL PUBLIC THROUGH INVESTMENT COMPANIES TO BE SET UP.

8. ANSARY SAID HALF THE SHARES TO BE OFFERED UNDER THE SCHEME ARE EXPECTED TO BE PURCHASED BY WORKERS, 20 PERCENT BY FARMERS, AND 30 PERCENT BY THE GENERAL PUBLIC. IN RESPONSE TO ECONOMIC ADVISOR'S QUESTION ABOUT RESTRICTIONS ON RESALE OF WORKERS' SHARES, ANSARY SAID WITH HIGH DIVIDENDS, THEY WOULD NOT BE EXPECTED TO WANT TO MARKET THEIR SHARES.

9. ANSARY STATED THAT THE LIST OF PUBLIC SECTOR INDUSTRIES IN WHICH THE WORKERS AND OTHERS WILL BE ALLOWED TO BUY SHARES WILL

BE ANNOUNCED LATER.

MIKLOS

UNCLASSIFIED

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANK LOANS, LABOR FORCE, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TEHRAN06942
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750247-0466
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197507103/baaaaelo.tel
Line Count: 113
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 13 JAN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 JAN 2003 by ThomasVJ>; APPROVED <15 MAR 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: ECON, ELAB, IR, (ANSARY, HUSHANG)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006